

January 19, 2020

To association representatives

SUGA Yoshihide, Prime Minister
ASO Taro, Minister of Finance and Minister of State for Financial Services
TAMURA Norihisa, Minister of Health, Labour and Welfare
NOGAMI Kotaro, Minister of Agriculture, Forestry and Fisheries
KAJIYAMA Hiroshi, Minister of Economy, Trade and Industry

Cash Flow Support for Companies in Response to the Expansion of the Impact of the COVID-19 Infection

We appreciate the steady efforts made by financial institutions for providing support for companies based on our repeated requests. Considering the influence of the declaration of a state of emergency issued by the national government in response to the current expansion of the impact of the COVID-19 infection, financial institutions are required to continue making their utmost efforts to meticulously and promptly provide cash flow support to companies while sufficiently ascertaining their business conditions. We would like to ask for your cooperation additionally for the following while you have already been endeavoring to prevent the spread of infection and continue services. We would appreciate your understanding.

1. The Financial Services Agency has issued notices titled "Cash Flow Support for Companies in Response to Measures to Prevent the Spread of Infection toward Year-end and New-year Holidays" (December 17, 2020) and "Cash Flow Support for Companies in Response to the Declaration of a State of Emergency" (January 8, 2021) and other notices so far, and it has published a policy of taking measures such as easing loan requirements. Additionally, it has recently been decided to raise the upper limit for effectively interest-free loans* out of loans to be provided by government financial institutions and private financial institutions in response to the COVID-19 infection. Financial institutions are requested to broadly disseminate this information among their staff members so that SMEs and small businesses in need of cash flow support would not face funding difficulties.

* The upper limit for effectively interest-free loans will be raised from 40 million yen to 60 million yen for the Micro Business and Individual Unit of the Japan Finance Corporation and private financial institutions, and from 200 million yen to 300 million yen for the Japan Finance Corporation for Small Business.

2. Financial institutions are required to continue their efforts for the enhancement of customer convenience, including simplification of procedures, to prevent a serious hindrance to cash management of SMEs and

small businesses. Maximum consideration should be given in positively providing new loans and subordinated loans recognizable as capital, and flexible responses should be made depending on the circumstances of respective SMEs and small businesses with regard to the alteration of conditions for existing loans for which the repayment period or the period of deferment is about to end, such as by extending those periods. Government financial institutions are requested to disseminate their new operation upon alteration of loan conditions, such as omitting the collection of a business improvement plan and statement of cash receipts and disbursement, etc., among SMEs and small businesses.

In addition to such cash flow support, financial institutions are also expected to positively provide companies with business support for their management improvement and business reconstruction and transformation, etc.